



STATE OF DELAWARE

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July 3, 2018

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Shona Marshall, Public Utility Analyst 

SUBJECT: IN THE MATTER OF THE APPLICATION OF COST CONTROL ASSOCIATES, INC. FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (SUBMITTED MAY 1, 2018; FILED JUNE 26, 2018) - PSC DOCKET No. 18-0291/18-0326

Background

On May 1, 2018, Cost Control Associates, Inc. (the "Company" or "Cost Control") submitted an application (the "Application") with the Delaware Public Service Commission (the "Commission") for an Electric Supplier Certificate ("ESC") to broker electricity in the State of Delaware pursuant to § 1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §§ 1001 - 1020 (the "Act") and 26 *Del. Admin. C.* § 3001, the Commission's Rules for Certification and Regulation of Electric Suppliers (the "Supplier Rules").¹

Application

The Company's original filing was submitted on May 1, 2018, but the submitted Application was severely deficient in meeting the minimum filing requirements ("MFR's"). In a letter dated May 11, 2018, Commission Staff ("Staff") requested the Company review the Supplier Rules and re-submit the Application by May 31, 2018 or the Application would be rejected and the filing fee would be forfeited. Upon receipt of Staff's notice, a representative of the Company contacted Staff to discuss the deficiencies and the requirements of the Supplier Rules. The Company explained that an error occurred in uploading the required documents to Delafile and that the issues would be rectified. On May 14, 2018, Cost Control submitted another Application in Docket No. 18-0326. This submission did not meet the minimum filing requirements because it lacked the required documentation for; certifications issued by the state of formation, authorization to conduct business for the state of Delaware, and retail experience. The Company's response dated June 26, 2018 satisfied the requirements of the MFR's.

Review and Analysis

¹ Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

Authority to do Business in Delaware

The Company was incorporated in the state of New York. The Company provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware. The Delaware Certificate of Good Standing was issued April 6, 2018. The Delaware business license was issued May 30, 2018 and is valid from July 1, 2018 through December 31, 2018.

Resident Agent

The Company supplied the contact information for a Delaware Registered Agent listed in the Application as InCorp Services, Inc. located at 919 N. Market St., Suite 950, Wilmington, DE 19801.

Compliance with Regional Requirements

The Company agreed to only work with an entity that complies with PJM's requirements and is a certified electric supplier in Delaware.

Financial, Operational, Managerial and Technical Ability

The Company submitted Balance Sheets as of December 31, 2017 and December 31, 2016, and Income statements as of December 31, 2017 and December 31, 2016 as indicia of financial capability under Section 2.2.16.2 of the Supplier Rules in its initial Application. Staff has reviewed the financial statements and the Company has satisfied the requirements of the Supplier Rules for purposes of brokering electric supply services in the State of Delaware.

The Company anticipates serving Large Commercial and Industrial customers throughout the State of Delaware. The Company is authorized to broker services in the following jurisdictions: Maine, New Hampshire, Ohio, and Rhode Island. The Company's Application also states that Cost Control is pending licensure in the states of Illinois and Massachusetts.

The Application included a summary of experience and qualifications for its officers. Keith Laake is the President of Cost Control and has held this position since 1991. He has 39 years of management experience and 21 years of experience in the energy industry. Dave Sadlocha is currently serving as the Senior Vice President of Cost Control. He has been in this position since 2006. He has also held the positions of Vice President and Energy Services Manager with the Company. Mr. Sadlocha possesses 39 years of managerial experience and 22 years of experience in the energy industry. Allison Levin is currently the Vice President of Cost Control. She has also held the positions of Analysis Team Director, Energy Services Manager, and Senior Analyst from 1998 through 2018 with the Company. Ms. Levin has 10 years of managerial experience and 20 years of experience in the energy industry.

Surety Bond

The Company did not post a surety bond because there are no service agreements between the Company and any Delaware Electric Distribution Company.

Verification of Application

The Application and subsequent filings to the Application contained a signed sworn verification of application with the signature of Dave Sadlocha.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company has not submitted copies of customer contracts because it will operate as a broker. The Company did not submit marketing materials intended to be used in the state of Delaware because Cost Control will not be serving residential or small commercial customers.

Statement of Criminal Activity

The Applicant stated that it has not been charged or convicted of any criminal activity nor have any of its principals or corporation offices. An internet review of the Company and its principals did not return any incidents of criminal activity.

Legal Review

Staff submitted this Memo for review by the Attorney on July 5, 2018.

Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The completed Application supports the Company's request for certification. Staff's review and analysis of the Application demonstrates substantial evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends the Commission approve the Application.